

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

3 COMMISSIONERS

4 MARC SPITZER, Chairman
5 WILLIAM A. MUNDELL
6 JEFF HATCH-MILLER
 MIKE GLEASON
 KRISTIN K. MAYES

7 In the matter of)	
8 INTERNATIONAL GLOBAL POSITIONING,	)	DOCKET NO. S-03523A-03-0000
9 INC., a Nevada corporation)	
10 720 Brazos Street, Suite 500	)	DECISION NO. <u>67086</u>
11 Austin, TX 78701)	
12 JOHN J. MADSEN)	
13 11801 W HWY 71	)	ORDER TO CEASE AND DESIST,
14 Austin TX 78738	)	ORDER OF RESTITUTION, ORDER
15 MICHAEL J. COKER	)	FOR ADMINISTRATIVE PENALTIES
16 11801 W. HWY 71	)	AND CONSENT TO SAME
17 Austin, TX 78738	)	BY: RESPONDENT INTERNATIONAL
18 JAMES W. DREOS, individually and dba DREOS	)	GLOBAL POSITIONING, INC.,
19 FINANCIAL SERVICES, and JANE DOE	)	RESPONDENT JOHN J. MADSEN and
20 DREOS, husband and wife	)	RESPONDENT MICHAEL J. COKER
21 10201 E. North Ranch Gate Road)	
22 Scottsdale, AZ 85255)	
23 CRD# 802681)	
24 EDMOND L. LONERGAN and JANE DOE)	
25 LONERGAN, husband and wife)	
26 16126 East Powderhorn Drive)	
Fountain Hills, AZ 85268)	
CORPORATE ARCHITECTS, INC., a Nevada)	
corporation)	
8360 East Via de Ventura, Suite L-200)	
Scottsdale, AZ 85258)	
Respondents.)	

24 RESPONDENT INTERNATIONAL GLOBAL POSITIONING, INC. ("IGP"),

25 RESPONDENT JOHN J. MADSEN ("MADSEN") and RESPONDENT MICHAEL J. COKER

26 ("COKER") (collectively "RESPONDENTS") elect to permanently waive their right to a hearing

and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801, *et seq.* (“Securities Act”) with respect to this Order To Cease And Desist, Order of Restitution, Order for Administrative Penalties and Consent to Same (“Order”). RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission (“Commission”); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. IGP was incorporated in the State of Nevada on May 15, 2000. IGP filed its Certificate of Disclosure and Application for Authority to Transact Business in Arizona with the Arizona Corporation Commission on April 30, 2001. At all pertinent times, IGP operated from offices in Arizona located at 3200 N. Central Ave., Suite 1990, Phoenix, AZ 85012, until approximately June 2002. IGP’S principal offices are currently located at 720 Brazos Street, Austin, Texas 78701.

2. MADSEN was at all pertinent times Director of Sales and Marketing of IGP, residing at 15634 S. 6th Place, Phoenix, AZ 85048. MADSEN’S last known address is 11801 W. HWY 71, Austin, TX 78738. On November 5, 2001, MADSEN entered into an agreement pleading guilty to mail fraud in the United States District Court, District of Arizona, a violation of Title 18, United States Code, Section 1341, a Class D felony offense. MADSEN agreed to the following facts, and agreed that the government could prove the following elements:

First, between mid-1994 and mid-1998 originating elsewhere and continuing within the District of Arizona, the defendant made up a scheme or plan for obtaining money or property by making false promises or statements;

Second, the defendant knew that the promises or statements were false;

Third, the promises or statements were material, that is, they would reasonably influence a person to part with money or property;

Fourth, the defendant acted with the intent to defraud; and

1 Fifth, the defendant used, or caused to be used, the mails to carry out
2 or attempt to carry out an essential part of the scheme.

3 *United States of America v. John J. Madsen*, Plea Agreement, CR-01-1010-PHX-SRB, U.S. District
4 Court, District of Arizona, lodged on November 5, 2001.

5 3. COKER was at all pertinent times President and Chief Executive Officer of IGP, residing at
6 15634 S. 6th Place, Phoenix, AZ 85048. COKER'S last known address is 11801 W. HWY 71,
7 Austin, TX 78738. COKER signed stock certificates and warrants to purchase common stock
8 issued by IGP to investors, and all correspondence relating to the investments, as President and/or
9 President/CEO of IGP.

10 4. IGP marketed a global positioning device ("GPS") that, mounted in an automobile, could
11 communicate through a satellite, on a cellular communications technology, information including
12 where it was located, its speed and direction. IGP's plan was to sell stock to private investors and
13 distributorship franchises nationwide to market the device.

14 5. On or about April 6, 2001, IGP filed a Form D Notice of Sale of Securities with the Arizona
15 Corporation Commission Securities Division, under Rule 506 Regulation D.

16 6. In or around July 2001, IGP initiated a common stock offering within and from Arizona and
17 began distributing a "Rule 506 Reg D Offering Memorandum" representing that the offering was
18 "For Accredited Investors Only."

19 7. According to RESPONDENTS, in or around October 2001, JAMES W. DREOS ("DREOS")
20 approached IGP and represented that he was registered and competent to lawfully sell IGP's offering
21 to Arizona investors. DREOS offered to assist IGP in its efforts to raise private investor funds by
22 referring his insurance customers to purchase stock in IGP'S private offering, on the condition that
23 the principals of IGP would purchase key -man insurance from him, for which DREOS would earn
24 substantial commissions.

25 8. According to RESPONDENTS, DREOS insisted that RESPONDENTS take out "key -man"
26 life insurance policies to protect investors and also insisted on receiving exclusive Arizona
Distributorship rights to IGP's GPS device.

1 9. Beginning in or around November 2001, DREOS initiated contacts with his insurance clients
2 and other acquaintances, some of them unaccredited investors, for the purpose of inducing them to
3 contact MADSEN for the purchase of IGP private placement stock.

4 10. Investors were told that IGP was planning to go public as early as January 2002, and investors
5 could reap substantial profits from trading IGP stock in the public market.

6 11. Potential investors in IGP'S private offering were told that they would receive warrants to
7 purchase IGP stock in an initial public offering. Investors were told that when the company went
8 public, they would have the opportunity to purchase IGP stock for the reduced price that they paid for
9 their private placement stock, and to resell the stock they purchased in the initial public offering at
10 one and one-half times its original purchase price, thereby recouping the original purchase price of
11 their privately -held stock.

12 12. From about November 2001 through December 2002, RESPONDENTS solicited \$590,951
13 from approximately 44 investors within or from Arizona, mostly Arizona residents, from the sale of
14 IGP common stock.

15 13. Investors did not receive meaningful disclosure of all material information about IGP and its
16 principals prior to investing, including MADSEN's prior legal problems and the prior financial
17 problems of the company and its principals.

18 14. To this date, IGP is not listed on any public exchange, and the investors have received no
19 return on their investments.

20 **II.**

21 **CONCLUSIONS OF LAW**

22 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
23 Constitution and the Securities Act.

24 2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning
25 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).
26

3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENTS violated A.R.S. § 44-1991 by offering or selling securities within or from Arizona by (a) employing a device, scheme or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

6. RESPONDENTS' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. RESPONDENTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and the RESPONDENTS' consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to AR.S. § 44-2032, that RESPONDENTS, their agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall, jointly and severally, pay restitution to investors shown on the records of the Commission in the amount of \$590,951.00, plus interest at the rate of 10% per annum from the date of this Order until paid in full. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona

1 Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to
2 investors. If all investors are paid in full, any excess funds shall revert to the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall,
4 jointly and severally, pay an administrative penalty in the amount of \$25,000.00, payable to the
5 “State of Arizona.” RESPONDENTS further agree to pay interest at the rate of 10% per annum
6 from the date of this Order until such amount is paid in full. Payment shall be made in full by

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1 cashier's check or money order on the date of this Order. If RESPONDENTS do not comply with
2 this order for administrative penalties, any outstanding balance may be deemed in default and shall
3 be immediately due and payable.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7
8 /s/ Marc Spitzer William Mundell Jeffrey Hatch-Miller
9 CHAIRMAN COMMISSIONER COMMISSIONER

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12 Lowell Gleason Kristin Mayes
13 COMMISSIONER COMMISSIONER

14 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
15 Executive Secretary of the Arizona Corporation
16 Commission, have hereunto set my hand and caused the
17 official seal of the Commission to be affixed at the
18 Capitol, in the City of Phoenix, this 29th day of
19 June, 2004.

20
21 /s/ Brian C. McNeil
22 BRIAN C. McNEIL
23 Executive Secretary

24
25 _____
26 DISSENT

27 This document is available in alternative formats by contacting Yvonne L. McFarlin, Executive
28 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail
29 ymcfarlin@cc.state.az.us.

30 (PTJ)

CONSENT TO ENTRY OF ORDER

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2 1. RESPONDENTS INTERNATIONAL GLOBAL POSITIONING, INC. ("IGP"), a
3 Nevada corporation, JOHN J. MADSEN, an individual, and MICHAEL J. COKER, an individual
4 ("RESPONDENTS") admit the jurisdiction of the Commission over the subject matter of this
5 proceeding. RESPONDENTS acknowledge that they have been fully advised of their right to a
6 hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily
7 waive any and all rights to a hearing before the Commission and all other rights otherwise
8 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
9 RESPONDENTS acknowledge that this Order To Cease And Desist, Order of Restitution, Order
10 for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the
11 Commission.

12 2. RESPONDENTS knowingly and voluntarily waive any right they may have under
13 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
14 extraordinary relief resulting from the entry of this Order.

15 3. RESPONDENTS acknowledge and agree that this Order is entered into freely and
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. RESPONDENTS acknowledge that they have been represented by counsel in this
18 matter, they have reviewed this Order with their attorney and understand all terms it contains.

19 5. RESPONDENTS neither admit nor deny the Findings of Fact and Conclusions of Law
20 contained in this Order.

21 6. By consenting to the entry of this Order, RESPONDENTS agree not to take any action
22 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
23 of Fact or Conclusion of Law in this Order or to create the impression that this Order is without
24 factual basis. RESPONDENTS will undertake steps necessary to assure that all of their agents and
25 employees understand and comply with this agreement.
26

1 7. While this Order settles this administrative matter between RESPONDENTS and the
2 Commission, RESPONDENTS understand that this Order does not preclude the Commission from
3 instituting other administrative proceedings based on violations that are not addressed by this
4 Order.

5 8. RESPONDENTS understand that this Order does not preclude the Commission from
6 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
7 that may be related to the matters addressed by this Order.

8 9. RESPONDENTS understand that this Order does not preclude any other agency or
9 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal
10 proceedings that may be related to matters addressed by this Order.

11 10. RESPONDENTS agree that they will not apply to the state of Arizona for registration
12 as a securities dealer or salesman or for licensure as an investment adviser or investment adviser
13 representative at any time in the future.

14 11. RESPONDENTS agree that they will not exercise any control over any entity that
15 offers or sells securities or provides investment advisory services, within or from Arizona.

16 12. RESPONDENTS agree that until restitution and penalties are paid in full,
17 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change
18 in home address or any change in RESPONDENTS' ability to pay amounts due under this Order.

19 13. RESPONDENTS understand that default shall render them liable to the Commission
20 for its costs of collection and interest at the maximum legal rate.

21 14. RESPONDENTS agree that they will continue to cooperate with the Securities Division
22 including, but not limited to, providing complete and accurate testimony at any hearing in this
23 matter and cooperating with the state of Arizona in any related investigation or any other matters
24 arising from the activities described in this Order.

16. MICHAEL J. COKER represents that he is President of INTERNATIONAL GLOBAL POSITIONING, INC. (“IGP”), and that he has been authorized by IGP to enter into this Order for and on its behalf.

SUBSCRIBED AND SWORN TO BEFORE me this 4 day of June, 2004.

My Commission Expires:

SUBSCRIBED AND SWORN TO BEFORE me this 4 day of June, 2004.

My Commission Expires:

6-5-07

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INTERNATIONAL GLOBAL POSITIONING, INC.

/s/ Michael J. Coker
By: Michael J. Coker, President

SUBSCRIBED AND SWORN TO BEFORE me this 4 day of June, 2004.

/s/ Justin Little
NOTARY PUBLIC

My Commission Expires:
6-5-07